

Iowa Department of Personnel Presentation to the
Joint Administration and Regulation Appropriations Subcommittee
January 28, 2003

The Iowa Department of Personnel acts on the knowledge that people are the State's greatest asset. There is an employee behind every government service. IDOP's job is to get the right person in the right place doing the right work with the right tools and the right supervision to produce the products Iowans want. IDOP works to assure that Iowa citizens get a satisfactory return on their \$1 billion annual investment in compensating state government employees.

Overview of Services

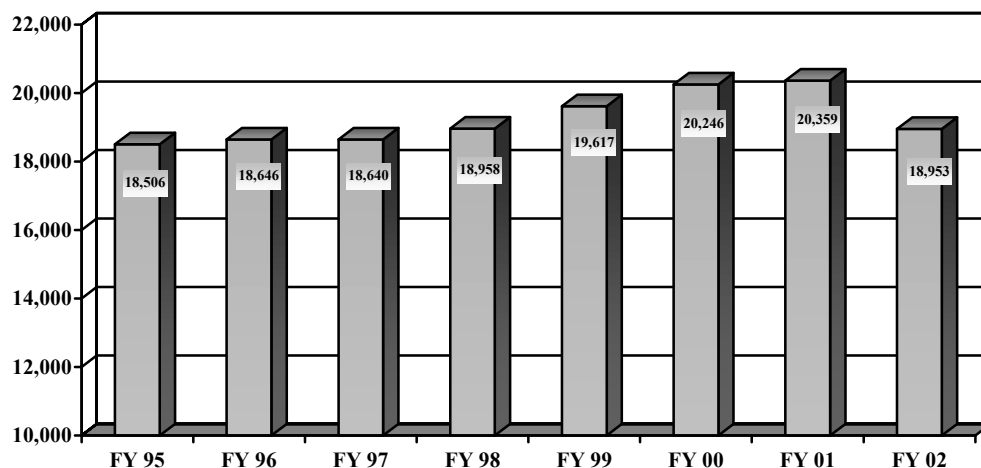
The Department provides the administrative services necessary to recruit, hire, and provide benefits to more than 19,700 employees who work for the State of Iowa Executive Branch¹. These services include recruitment and hiring; job classification, compensation and performance management; training, employee recognition, labor relations, employee benefits and risk management, and affirmative action.

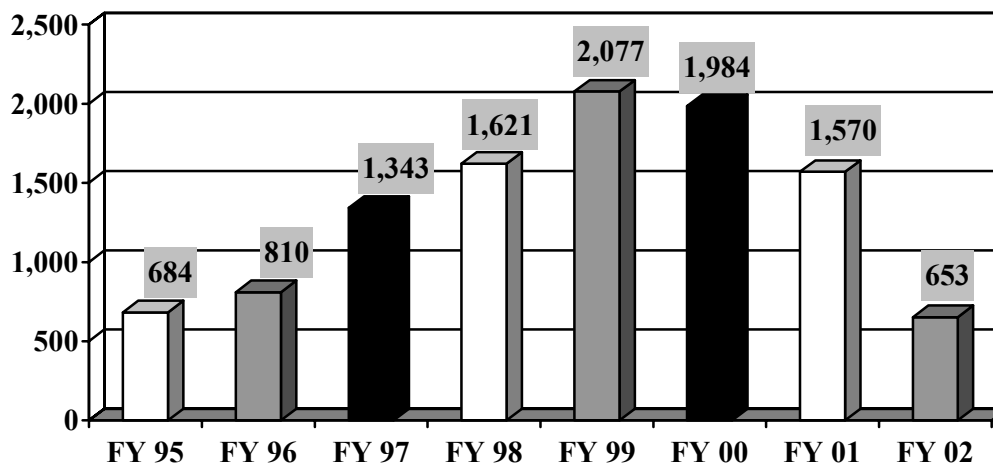
Since July 1, 2001, some 2,123 workers or 9.7 percent of the State's workforce have left non-Regent executive branch agencies. The number of eliminated positions stands at 2,031 FTEs.

IDOP works with client agencies through service agreements that define each agency's priorities for meeting its human resource management needs. The Department employed 66 people in Fiscal Year (FY) 2002 and will receive \$3.8 million in General Funds. This is a decrease of 26 full time equivalents (FTEs) and a 23 percent reduction in appropriation since FY 2000.

Recruitment and Hiring. The Department processed 10,576 applications for employment and filled 653 positions in FY2002, a reduction of more than 50 percent from the previous period. Early out, buyout and layoff programs affecting employees were administered.

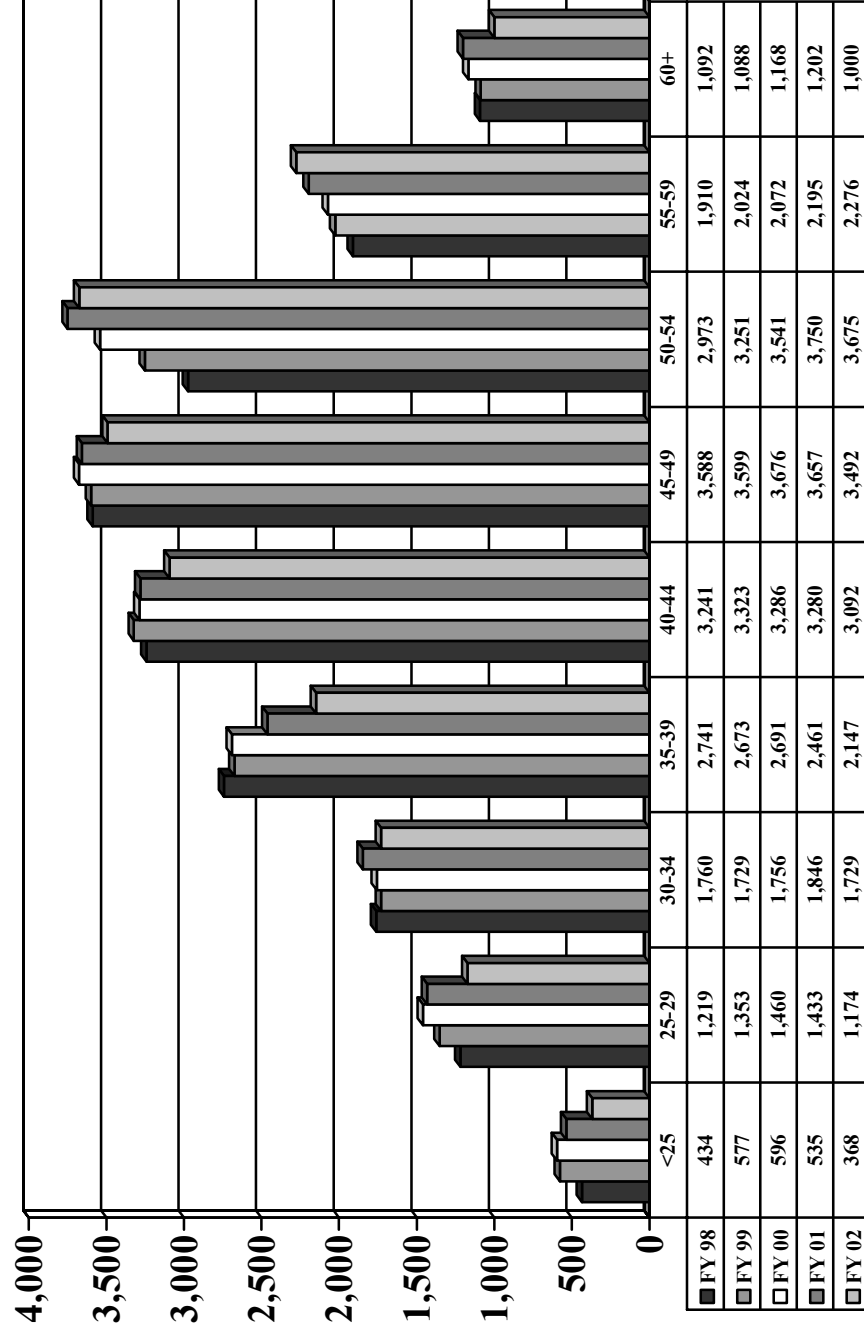
Executive Branch Full-Time Employees by Fiscal Year²



Executive Branch Full-Time Employees by Work County, FY 2001Total New Full-Time Hires by Fiscal Year

Executive Branch Full-Time Employee Age Groups,
Fiscal Year 1997 through Fiscal Year 2002

Iowa's workforce is aging, and the State must address the critical skills shortage that will occur when these workers leave government. In FY 2002, more than 55 percent of the total workforce and 71 percent of supervisors were over 45 years of age. The impending retirement of these workers will affect the Iowa Public Employees' Retirement System (IPERS). It also affects the State's overtime cost as the State covers the positions of long-term employees with considerable vacation to use.



Human Resources Information System Management. IDOP has made significant strides in collecting and analyzing data that enables managers throughout state government to better manage employment. The third annual edition of an almanac of current information about state government employees, *Just the Facts 2002*, has just been posted at the IDOP Web site, <http://www.state.ia.us/government/idop/pdfs/JustTheFacts2002.pdf>.

Job Classification, Compensation and Performance. IDOP manages the system that monitors 814 classifications, and administers the State's compensation and performance monitoring plans.

Top 25 Most Populous Job Classes, FY 2002

Rank	Class Code	Class Title	Count	Percentage of Full-Time FY '02 Workforce
1	86406	Correctional Officer	1,506	7.95%
2	03201	Resident Treatment Worker	1,263	6.66%
3	08111	Equipment Operator	847	4.47%
4	03089	Income Maintenance Worker 2	596	3.14%
5	03011	Social Worker 2	545	2.88%
6	00025	Secretary 1	352	1.86%
7	00013	Typist-Advanced	327	1.73%
8	16000	Trooper	324	1.71%
9	00807	Workforce Advisor	307	1.62%
10	00026	Secretary 2	266	1.40%
11	03016	Social Worker 3	234	1.23%
12	02020	Registered Nurse	218	1.15%
13	00018	Clerk - Specialist	206	1.09%
14	03040	Youth Services Worker	170	0.90%
15	86419	Correctional Counselor	166	0.88%
16	00121	Information Technology Specialist 4	165	0.87%
17	00708	Administrative Assistant 1	160	0.84%
18	00122	Information Technology Specialist 5	148	0.78%
19	02002	Licensed Practical Nurse	146	0.77%
20	08375	Automotive Mechanic	133	0.70%
21	00709	Administrative Assistant 2	132	0.70%
22	04513	Environmental Specialist	130	0.69%
23	00306	Accounting Clerk 2	126	0.66%
25	00711	Executive Officer 2	118	0.62%
25	04023	Program Planner 3	118	0.62%
TOTAL			8,703	45.92%

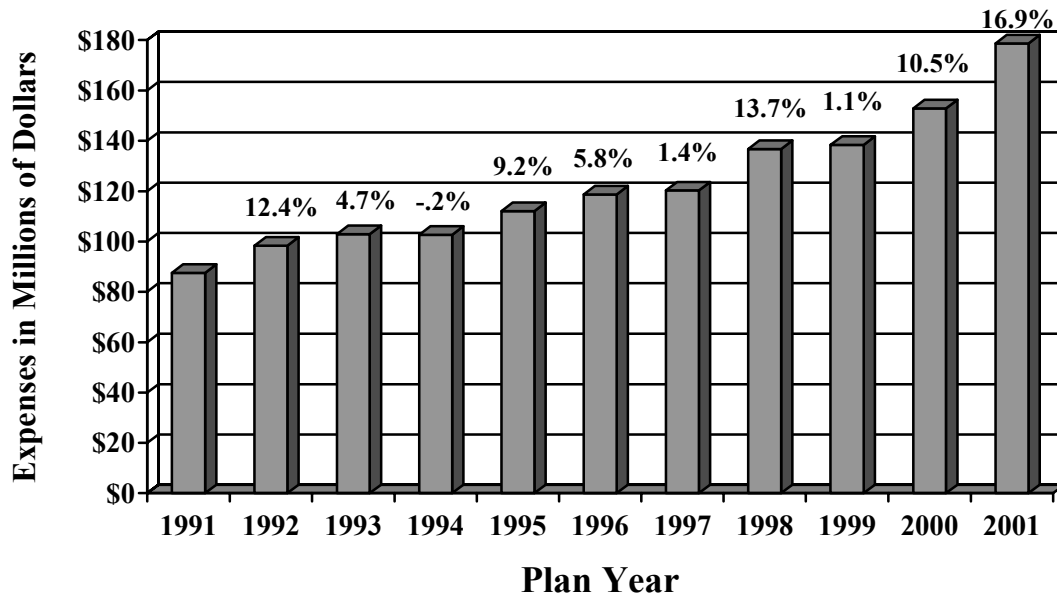
Employee Risk and Benefits Management. The Department manages the State's health insurance program for 30,000 employees, estimated to cost more than \$226 million in Plan Year 2003, as well as a \$17.4 million workers' compensation program. Some 47 percent of State employees participated in the deferred compensation program in FY 2002, which has assets of almost \$25 million. Other benefits programs include flexible spending accounts, and a wellness program. An employee recognition program initiated in 2000 has been well received and continues.

Group Insurance Benefits Offering for Calendar 2002

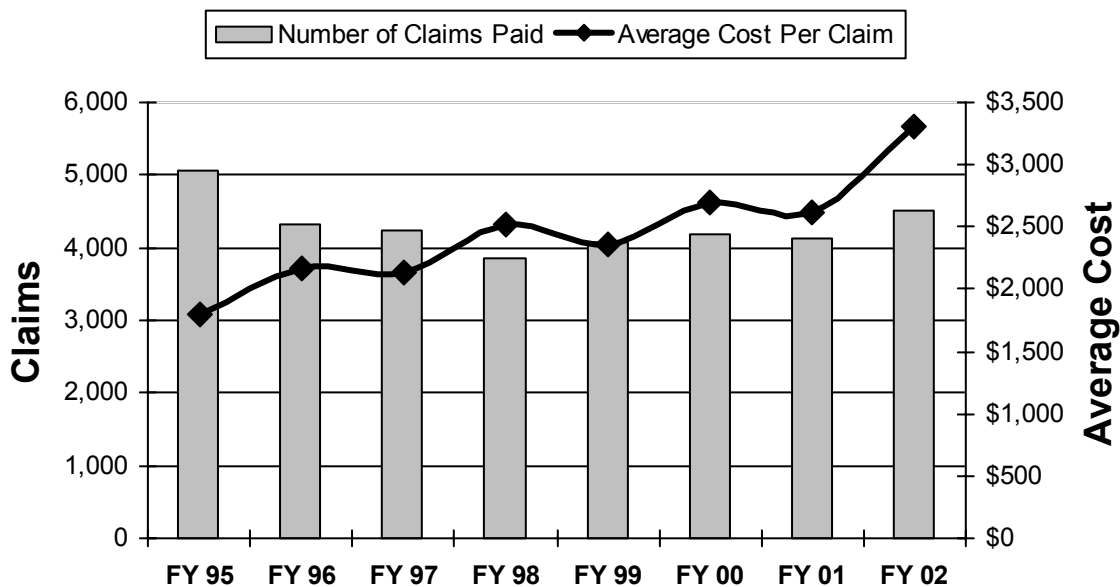
Insurance Type	Funding Type	Who Pays What?	Projected Year 2002 Costs	Who's Eligible?	Current Vendor
HEALTH Traditional (Plan 3 Plus)	Minimum Premium	State pays 100% for single contracts and 80% of PPO family contract.	Total Projected Wellmark Cost = \$137,874,106	AFSCME, Judicial AFSCME, PPME employees who work 20 hours or more per week are eligible.	Wellmark
Preferred Provider Organization (PPO-IA Select)	Minimum Premium	State pays 100% for single contracts and 80% of the PPO family contract.	Included Above.	AFSCME, Judicial AFSCME, PPME, and Non-Contract employees who work 20 hours or more per week are eligible.	Wellmark
Traditional (Deductible 3 Plus)	Minimum Premium	State pays 100% for single contracts and 72% of Deductible 3 Plus family contract.	Included Above.	UE/IUP and Non-Contract employees who work 20 hours or more per week are eligible.	Wellmark
Preferred Provider Organization (PPO-IUP Select)	Minimum Premium	State pays 100% for single contracts and 72% of Deductible 3 Plus family contract.	Included Above.	UE/IUP employees who work 20 hours or more per week are eligible.	Wellmark
Managed Care Organization (Category includes both HMOs and 1 Organized Delivery System)	Fully Insured	State pays 100% for single contracts and 80% of the AFSCME PPO family contract except for IUP employees who receive 72% of Deductible 3 Plus.	Total Projected Cost Equals \$44,667,374	All employees who work 20 hours or more per week are eligible.	Wellmark, United Healthcare, John Deere, SecureCare, Coventry (2 Plans)
DENTAL	Minimum Premium	State pays 100% for single contracts and that same amount for a family contract.	Total Projected Cost Equals \$10,538,593	Employees must work 20 hours or more per week to be eligible	Delta Dental
LIFE Term Basic Life	Fully Insured	State pays 100%	Total Projected Cost Equals \$1,050,035	Employees must work 30 hours or more per week to be eligible	John Hancock
Supplemental (Optional)	Fully Insured	Employee pays 100%	Total Projected Employee Cost Equals \$1,212,081		
LONG TERM DISABILITY	Fully Insured	State pays 100%	Total Projected Cost Equals \$3,642,926	Employees must work 30 hours or more per week to be eligible.	Hartford

Employee Health Insurance Premium Increases

In this chart, percentages show cost increases from the preceding year. Costs are understated as it is unknown what non-central payroll systems expend to managed care organizations. Costs through 1995 are estimated to show fiscal year data on a calendar year basis.



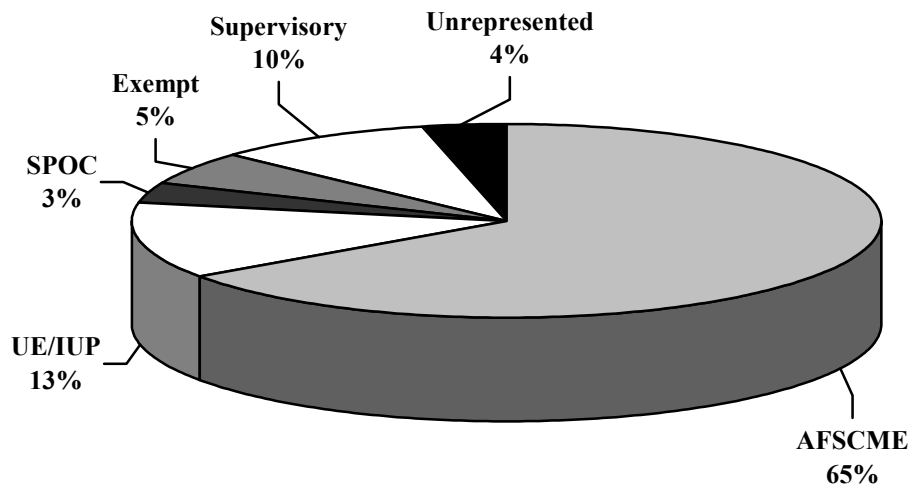
Workers Compensation Claims Paid Compared to Average Cost per Claim



Employee Training. IDOP offers a comprehensive series of training programs to assist state employees and managers in meeting the knowledge, skill and customer service requirements of their jobs. A new partnership with Drake University launched in 2002 gives state government employees access to a Certified Public Manager program. Sixty employees have enrolled.

Labor Relations. IDOP manages ongoing relationships with three unions and represents the State in contract negotiations with the unions, which are currently underway. These activities include representing the state in third-step grievances, arbitrations and Public Employment Relations Board hearings; non-contract grievances and prohibited practice and discrimination complaints.

Employee Percentages by Collective Bargaining Coverage, Fiscal Year 2002³



Retirement. Iowa's public pension fund, IPERS, represents more than 2,000 employers and more than 154,000 employees at all levels of government, is currently valued at \$14 billion. Senate File 497 was enacted to make IPERS more effective, efficient and responsive in fulfilling its responsibilities to stakeholders. A separate IPERS presentation will provide more detail.

Current Key Issues in the Iowa Department of Personnel

Negotiations of the labor agreements covering 80 percent of state government employees are underway. Tentative agreement has been reached with the State Police Officers' Council (SPOC) for a 2 percent across-the-board pay increase during each of the two years of the contract period. A tentative agreement for a 2 percent across-the-board pay increase has also been reached with the Science and Social Services units of the Iowa United Professionals (IUP).

Negotiations continue with the American Federation of State, County and Municipal Employees (AFSCME). Three more days of bargaining are currently scheduled, but several outstanding issues remain. If agreement is not reached, the State and union will proceed to binding arbitration. By law, negotiations must be completed by March 15, 2003 for funding to be effective by July 1, 2003.

It is important to note that, even in tight budget times, the court has ruled that the State must honor the salary terms negotiated in these labor agreements.

Iowa's aging workforce is an issue that requires increasing attention. The average age of the 18,953 full-time employees working in the Executive Branch was 45.45 years; of the 36 reporting agencies, 72.2 percent had an average age over 45. Only two departments' average age was below 40. Iowa will be challenged to replace the knowledge and experience of these state government employees.

Controlling the costs of employee health benefits is a challenge as health insurance premiums continue to rise for all plans. Total premiums charged to the State have increased 230 percent from \$97.5 million in Plan Year 1991 to more than \$226 million for Plan Year 2003. The Iowa Department of Management has projected premium increases of 15 percent per year for Plan Years 2004 and 2005.

Work to consolidate 4.5 state agencies into the new Department of Administrative Services is progressing in IDOP. Staff are collaborating on multi-departmental planning teams to assure that the new agency's organizational structure, budget and legislation support the transition to entrepreneurial management, a customer-driven model for providing internal services in a competitive setting.

¹ Counts on this and other charts in this presentation generally exclude Fair Authority, Community-Based Corrections and Regents Institution employees.

² Charts in this document are generated from data produced by IDOP. Many are available in *Just the Facts 2002*.

³ Chart terms are defined as follows: AFSCME refers to those covered by a collective bargaining agreement made up of the clerical, technical, blue collar, fiscal & staff, security, and patient care bargaining units. SPOC refers to those covered by a collective bargaining agreement made up of the public safety bargaining unit. UE/IUP refers to those covered by a collective bargaining agreement made up of the Social Service and Science bargaining units. Exempt refers to those exempt from collective bargaining and therefore not covered by a collective bargaining agreement. Supervisory refers to those exempt from collective bargaining. Unrepresented refers to those eligible for collective bargaining, but currently not organized.